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OPEN MEETING AGENDA ITEM

GARY PIERCE
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ARIZONA CORPORATION COMMISSION

LYN FARMER
Chief Administrative Law Judge

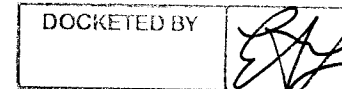
Arizona Corporation Commission
DOCKETED

ORIGINAL

October 10, 2014

OCT 10 2014

TO: ALL PARTIES OF RECORD



RE: IN THE MATTER OF THE APPLICATION OF COPPER VALLEY TELEPHONE, INC. AN ARIZONA CORPORATION, FOR A HEARING TO DETERMINE THE EARNINGS OF THE COMPANY, THE FAIR VALUE OF THE COMPANY FOR RATEMAKING PURPOSES, AND TO INCREASE RESIDENTIAL RATES AS NECESSARY TO COMPENSATE FOR THE RATE IMPACTS OF THE FCC'S USF/ICC TRANSFORMATION ORDER. DOCKET NO. T-02727A-13-0458

The Recommended Opinion and Order in the above-captioned matter that was mailed to you on September 29, 2014, contained a typographical error. The following change is being made to the original Recommended Opinion and Order:

Page 2, line 22 (Footnote 1):

DELETE: "2001"
INSERT: "2011"

Please make a note of this change on your copy of the Recommended Opinion and Order. The deadline for filing exceptions is unchanged.

Sincerely,

Jane L. Rodda
Administrative Law Judge

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SERVICE LIST FOR:

COPPER VALLEY TELEPHONE, INC.

DOCKET NO.:

T-02727A-13-0458

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1 Federal Communication Commission's ("FCC") November 18, 2011, *USF/ICC Order*.¹ In its
 2 Application, Copper Valley requested that the Commission approve a basic local access line rate of
 3 the lesser of \$19.00, or the floor rate to be set by the FCC. In order to avoid the loss of federal
 4 funding for high-cost loop support, Copper Valley requested that the new rates go into effect by June
 5 1, 2014.²

6 2. In a Special Open Meeting on January 14, 2014, the Commission agreed to adopt a
 7 proposal by the Commission's Utilities Division ("Staff") that would not require Copper Valley to
 8 file all of the schedules normally required under A.A.C. R14-2-103 for rate applications because of
 9 the short time frame when new rates must be in effect under the FCC's directive.³

10 3. By Procedural Order dated January 15, 2014, a Procedural Conference was held on
 11 January 22, 2014, to discuss the timing of the hearing in this matter and other procedural matters.
 12 Copper Valley and Staff appeared through counsel and agreed on a process to govern this matter.

13 4. By Procedural Order dated January 23, 2014, the matter was set for hearing on March
 14 27, 2014, and other procedural guidelines established.

15 5. On January 29, 2014, Copper Valley docketed a "Supplemental Filing" that indicated
 16 the effect on Copper Valley's rate of return if the FCC's Wireline Competition Bureau set \$17.50 as
 17 the monthly residential rate floor to be in effect for June 1, 2014.⁴

18 6. On February 28, 2014, Copper Valley filed a "Proof of Mailing," and on March 7,
 19 2014, filed a "Revised Proof of Notice" that included an affidavit indicating that a copy of the notice
 20 of the hearing in this matter was mailed to its customers on February 14, 2014.

21
 22 ¹ FCC 11-161, Connect America Fund, WC Docket No. 10-90 et al., *Report and Order and Further Notice of Proposed Rulemaking*, 26 FCC Rcd 17663 (November 18, 2011) ("*USF/ICC Order*").

23 ² Six rural Arizona incumbent local exchange carriers ("ILECs") filed similar rate case applications around the same time
 24 period in order to comply with the FCC's *USF/ICC Order*. All six were represented by the same legal counsel and several
 25 of the carriers have common ownership. Although separate hearings were held for each entity, the proceedings were
 26 coordinated to promote efficiency. The dockets are: Docket No. T-02063A-13-0411 (Arizona Telephone Company);
 27 Docket No. T-01072A-13-0412 (Southwestern Telephone Company); Docket No. T-01923A-13-0428 (South Central
 28 Utah Telephone Association, Inc.); Docket No. T-02724A-13-0416 (Table Top Telephone Company, Inc.); Docket No.
 T-01847A-13-0457 (Valley Telephone Cooperative, Inc.); and Docket No. T-02727A-13-0458 (Copper Valley Telephone, Inc.). Arizona Telephone Company and Southwestern Telephone Company have the same parent company, and Valley Telephone Cooperative, Inc. owns Copper Valley Telephone, Inc.

³ The streamlined filing, as recommended by Staff, included schedules showing: adjusted test year results; adjustments; Year-2 FCC *USF/ICC Order* impacts; rate base; working capital; and rate design.

⁴ On January 30, 2014, Copper Valley filed a Notice of Errata to correct the calculated return at the estimated \$17.50 rate floor. At that time, the rural ILECs believed that \$17.50 would be close to the floor the FCC would adopt.